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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE: SANDHILL CAPTIAL PARTNERS III,
LLC, a California Limited Liability
Company,

DEBTOR.

Case No. 08-30989

Chapter 7

Adversary No. 09-03109

**ANSWER TO COMPLAINT TO AVOID AND
RECOVER FRAUDULENT TRANSFERS; TO
AVOID PREFERENTIAL TRANSFERS;
BREACH OF CONTRACT; COMMON
COUNT; 11 U.S.C §§ 544, 547, 548, 550
AND CALIFORNIA CIVIL CODE §§ 3439.04
AND 3439.05**

JANINA ELDER, Trustee of the Bankruptcy
Estate of Sandhill Captial Partners III,
LLC, a California Limited Liability
Company, Debtor,

PLAINTIFF,

v.

GARY THORNHILL, an individual

DEFENDANT.

ANSWER

Defendant Gary Thornhill (“Defendant”) answers the Complaint of Janina Elder,
Trustee of the Bankruptcy Estate of Sandhill Captial Partners III, LLC, a California

1 Limited Liability Company ("Plaintiff") as follows:

2 **JURISDICTION AND VENUE**

3 1. The allegations of Paragraph 1 of the Complaint are admitted.
4 2. The allegations of Paragraph 2 of the Complaint are admitted.
5 3. The allegations of Paragraph 3 of the Complaint are admitted.
6 4. The allegations of Paragraph 4 of the Complaint are admitted.
7 5. The allegations of Paragraph 5 of the Complaint are admitted.

8 **GENERAL AVERMENTS**

9 6. The allegations of Paragraph 6 of the Complaint are admitted.
10 7. The allegations of Paragraph 7 of the Complaint are admitted.
11 8. The allegations of Paragraph 8 of the Complaint are denied.
12 9. The Defendant is without sufficient information to admit or deny the
13 allegations of Paragraph 9 of the Complaint. Therefore, the allegations are denied
14 through an abundance of caution.

15 10. The Defendant is without sufficient information to admit or deny the
16 allegations of Paragraph 10 of the Complaint. Therefore, the allegations are denied
17 through an abundance of caution.

18 11. The Defendant admits introducing several individuals to the Debtor. All
19 other allegations of Paragraph 11 of the Complaint are denied.

20 12. The Defendant is without sufficient information to admit or deny the
21 allegations of Paragraph 12 of the Complaint. Therefore, the allegations are denied
22 through an abundance of caution.

23 13. The Defendant is without sufficient information to admit or deny the
24 allegations of Paragraph 13 of the Complaint. Therefore, the allegations are denied
25 through an abundance of caution.

26 **FIRST CLAIM FOR RELIEF**

27 14. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this
28 Answer as though set forth fully below.

15. The allegations of Paragraph 15 of the Complaint are denied.
16. The allegations of Paragraph 16 of the Complaint are denied.
17. The Defendant is without sufficient information to admit or deny the
allegations of Paragraph 17 of the Complaint. Therefore, the allegations are denied
through an abundance of caution.

18. The allegations of Paragraph 18 of the Complaint are denied.

SECOND CLAIM FOR RELIEF

19. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this
Answer as though set forth fully below.

20. The allegations of Paragraph 20 of the Complaint are denied.
21. The allegations of Paragraph 21 of the Complaint are denied.
22. The allegations of Paragraph 22 of the Complaint are denied.

THIRD CLAIM FOR RELIEF

23. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this
Answer as though set forth fully below

24. The Defendant is without sufficient information to admit or deny the
allegations of Paragraph 24 of the Complaint. Therefore, the allegations are denied
through an abundance of caution.

25. The allegations of Paragraph 25 of the Complaint are denied.

FOURTH CLAIM FOR RELIEF

26. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this
Answer as though set forth fully below.

27. The allegations of Paragraph 27 of the Complaint are denied.
28. The allegations of Paragraph 28 of the Complaint are denied.
29. The allegations of Paragraph 29 of the Complaint are denied.

FIFTH CLAIM FOR RELIEF

30. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this
Answer as though set forth fully below.

31. The allegations of Paragraph 31 of the Complaint are denied.

32. The allegations of Paragraph 32 of the Complaint are denied.

SIXTH CLAIM FOR RELIEF

33. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this Answer as though set forth fully below.

34. The allegations of Paragraph 34 of the Complaint are denied.

35. The Defendant is without sufficient information to admit or deny the allegations of Paragraph 35 of the Complaint. Therefore, the allegations are denied through an abundance of caution.

36. The Defendant is without sufficient information to admit or deny the allegations of Paragraph 36 of the Complaint. Therefore, the allegations are denied through an abundance of caution.

37. The Defendant is without sufficient information to admit or deny the allegations of Paragraph 37 of the Complaint. Therefore, the allegations are denied through an abundance of caution.

38. The allegations of Paragraph 38 of the Complaint are denied.

SEVENTH CLAIM FOR RELIEF

39. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this Answer as though set forth fully below.

40. The allegations of Paragraph 40 of the Complaint are denied.

41. The allegations of Paragraph 41 of the Complaint are denied.

42. The Defendant is without sufficient information to admit or deny the allegations of Paragraph 42 of the Complaint. Therefore, the allegations are denied through an abundance of caution.

43. The allegations of Paragraph 43 of the Complaint are denied.

EIGHTH CLAIM FOR RELIEF

44. The Defendant incorporates and re-avers Paragraphs 1 through 13 of this Answer as though set forth fully below.

45. The allegations of Paragraph 45 of the Complaint are a legal conclusion. While these allegations require no response, the allegations are denied through an abundance of caution.

46. The allegations of Paragraph 46 of the Complaint are denied.

47. The allegations of Paragraph 47 of the Complaint are denied.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

1. The Complaint fails to state facts or a claim upon which relief can be granted against the Defendant.

SECOND AFFIRMATIVE DEFENSE

2. To the extent that Plaintiff suffered damages, the damages were the direct and proximate result of acts or omissions of third persons, and not the result of any act or omission by the Defendant.

THIRD AFFIRMATIVE DEFENSE

3. The Complaint and all claims for relief therein are barred by the equitable doctrines of waiver and estoppel.

FOURTH AFFIRMATIVE DEFENSE

4. The Complaint and all claims for relief therein are barred by the doctrine of unclean hands.

FIFTH AFFIRMATIVE DEFENSE

5. The Defendant is informed and believes, and on that basis alleges, that Plaintiff failed to mitigate any damages she may have suffered.

SIXTH AFFIRMATIVE DEFENSE

6. The Defendant is informed and believes, and on that basis alleges, that the Plaintiff caused any damages that she may have suffered.

SEVENTH AFFIRMATIVE DEFENSE

7. The Defendant is informed and believes, and on that basis alleges, that he is entitled to setoff and/or recoupment.

EIGHTH AFFIRMATIVE DEFENSE

8. The Defendant is entitled to adequate protection.

REQUEST FOR RELIEF

Wherefore, the Defendant requests relief as set forth below.

1. The Defendant respectfully requests that the Complaint be dismissed with prejudice and that Plaintiff takes nothing thereby.

2. The Defendant further requests that judgment be entered in his favor and against the Plaintiff for attorney's fees, costs, and such other relief as the Court deems proper.

Dated: July 13, 2009

CAMPEAU GOODSELL SMITH
A Law Corporation

By: /s/ Gregory J. Charles
Gregory J. Charles
Attorneys for Defendant